



PC AGENDA: 10/22/03

ITEM: 4.c.

Memorandum

TO: PLANNING COMMISSION

FROM: Stephen M. Haase
Katy Allen

SUBJECT: SEE BELOW

DATE: October 7, 2003

COUNCIL DISTRICT: 2

SUBJECT: MODIFICATION OF THE EDENVALE AREA DEVELOPMENT POLICY

RECOMMENDATION

Staff recommends the Planning Commission recommend approval of the proposed modification to the Edenvale Area Development Policy (ADP) to address the proposed future economic development of the underutilized IBM site, located on the northeast corner of Poughkeepsie and Cottle Roads, with approximately 222,000 square feet of commercial uses on a 18.75 acre site,

BACKGROUND

In June 2000, the City Council adopted an Area Development Policy (ADP) for the Edenvale area. This policy was modified slightly in November 2000. Analysis performed in development of the Policy accounted for existing, approved and pending industrial development in Area 2 (See attached Policy and map) on the west side of U.S. 101, and assessed the additional transportation impacts of the additional buildout at certain development levels for the areas on the east side of U.S. 101. Key features of this policy are to:

- ? Allow up to 5.0 million square feet of new industrial and economic development in New Edenvale, east of U.S. 101 to occur to meet market demand,
- ? Define the maximum building Floor Area Ratio (FAR) allowable to equitably allocate development potential to each parcel in New Edenvale, and
- ? Ensure construction of major gateway infrastructure through a cooperative agreement between the Redevelopment Agency and the City, and through the creation of a community facilities district. The major transportation improvements include the extension of Hellyer Avenue and interchange upgrades at U.S. Hwy 101/Blossom Hill Road and 101/Hellyer Avenue.

As a result of this policy, current development opportunities in Edenvale are enhanced. Without the Edenvale ADP, the economic development of this key industrial area would have to be delayed to await the actual construction and completion of the gateway improvements, improvements that are beyond the ability of a single project to provide. Under the policy, if the Edenvale industrial area proceeds to build-out levels, in the near term, traffic Level-of-service (LOS) may greatly exceed City standards at gateway intersections leading into the area. However, with the recent economic slowdown affecting development in New Edenvale, these

temporary LOS impacts at these intersections are expected to be less severe than originally anticipated. The final design process for the gateway improvements is on schedule for completion by October 2004. These final designs would allow for construction to commence as early as mid-2005 if funding were available; however, the City acknowledges that the timeframe for availability of these funds is likely to be extended due to state and local budgetary constraints.

ANALYSIS

Demand for industrial development in Edenvale has fallen dramatically in the past 18 months, and the City has seen an increase in the number of vacant research and development buildings in this and other industrial areas citywide. Therefore, attainment of the full economic development potential of industrial development in New Edenvale, east of U.S.101, is likely to occur at a slower pace in the near future. Within this area, however, there is an immediate economic development opportunity which could generate new employment and tax revenue for the City with the proposal for a Lowe's Home Improvement warehouse and associated commercial uses on an 18.75 acre portion of the IBM site at the corner of Poughkeepsie and Cottle Roads in Area 2.

At the time of the adoption of the current Edenvale ADP in November 2000, the nature and intensity of additional development on the underutilized portion of the IBM campus had not yet been determined and was not included in the analysis. Staff has reviewed the proposed development of the Lowe's warehouse project of approximately 222,000 square feet of commercial development in the context of the Edenvale Area Development Policy. Staff believes the subject project could generate needed economic development in this area in the near term and is appropriate to be included in the Policy. Additional traffic analysis has been performed for the project using the traffic patterns including buildout of the 5 million square feet of industrial square footage in New Edenvale as the baseline. While the analysis assumes that this project will result in a significant level of service impact at the "gateway intersection" of U.S.101/Blossom Hill/Silver Creek Valley Road, the ultimate capacity of the improved intersection designs now being finalized will accommodate both the development in New Edenvale and the Lowe's project with acceptable levels of service. By including this development proposal in the Area Development Policy, the construction and operation of the Lowe's warehouse and associated commercial could occur in advance of the construction of the transportation improvements, allowing the City to benefit through employment and sales tax revenue generated by the site. The Lowe's project would be required to make a fair-share contribution toward the Edenvale Area transportation improvements, consistent with fair-share contributions made by other Edenvale industrial and commercial developments. Inclusion of the project development in the Edenvale Area Development Policy would allow the proposed project to proceed in conformance with the General Plan Transportation Level of Service policy.

PUBLIC OUTREACH

Notices of the public hearings on this proposed change to the Area Development Policy have been mailed to the property owners and residents within 1000 feet, and in addition, a notice has been published in the San Jose Mercury News. Staff has been available to discuss the project with members of the public.

ENVIRONMENTAL REVIEW

Staff has prepared the attached Addendum to the Edenvale Redevelopment Project Supplemental Environmental Impact Report, Resolution Nos. 69699 and 70021, for this proposed Modification to the Edenvale Area Development Policy. The Public Works Department performed a traffic analysis and concluded that the proposed modification would not result in the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. Therefore, the conclusions of the Edenvale Redevelopment Project EIR are unchanged, and an addendum to the previously certified EIR may be prepared to address the Modification to the Edenvale ADP.

COORDINATION

This memorandum has been prepared in coordination with the Redevelopment Agency, the Department of Transportation, the Public Works Department and the Office of the City Attorney.

STEPHEN M. HAASE, DIRECTOR
Planning, Building and Code Enforcement

KATY ALLEN, DIRECTOR
Public Works

Attachments

SW

